

Article - Natural Resources

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§8–729.

(a) Unless excepted by § 8-728 of this subtitle, a security interest in a vessel is not valid against creditors of the owner or subsequent transferees or secured parties of the vessel unless perfected as provided under this section and §§ 8-730 through 8-732 of this subtitle.

(b) A security interest is perfected by the delivery to the Department of the existing certificate of title, if any, and an application for certificate of title on a form provided or approved by the Department containing information regarding the security interest, and upon payment of a filing fee of \$15. Four dollars of this filing fee shall be treated as described in § 8-723 of this subtitle. The security interest is perfected at the time of the delivery and payment.

(c) If a vessel is already subject to a security interest when the vessel is brought into the State, the validity of the security interest in the State is to be determined by the law (including the conflict of law rules) of the jurisdiction where the vessel was when the security interest attached, subject to the following:

(1) If the parties to the transaction understood at the time the security interest attached that the vessel would be kept in the State, and the vessel was brought into the State within 30 days after the security interest attached for purposes other than transportation through the State, the validity of the security interest in the State is to be determined by the law of the State.

(2) If the security interest was perfected already under the laws of the jurisdiction where the vessel was when the security interest attached and before being brought into the State:

(i) If the name of the secured party is shown on an existing certificate of title issued by that jurisdiction, the security interest continues perfected in the State.

(ii) If the name of the secured party is not shown on an existing certificate of title issued by that jurisdiction, and if the law of that jurisdiction does not provide for certificates of title disclosing security interests, the security interest continues perfected in the State for 4 months and, after that time, if within the 4-month period the security interest is perfected in the State. This security interest may also be perfected in the State after the expiration of the 4-month period, in which case perfection dates from the time of perfection in the State.

(iii) If the security interest was not perfected under the law of the jurisdiction in which the vessel was when the security interest attached before being brought into the State, the security interest may be perfected in the State; in which case perfection dates from the time of perfection in the State.

(d) (1) Five dollars of this filing fee, which is in lieu of a recordation tax imposed under Title 12 of the Tax - Property Article, shall be deposited in a special fund which is created. These moneys shall be used for the benefit of the counties of the State, and Baltimore City, and distribution of this fund shall be made to the several counties and Baltimore City annually on the basis of the residence of the purchasers of the vessels.

(2) Moneys in the special fund may be used for administrative costs calculated in accordance with § 1-103(b)(2) of this article.

(e) Six dollars of every fee received under the provisions of § 8-730 of this subtitle shall be deposited in the General Fund.

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